

TESTIMONY OF MICHAEL ROACH

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In the United States Federal District Court for the District of Idaho

Saint Alphonsus Medical Center-Nampa, Inc., et. al. v. St. Luke's Health System Ltd., et. al.

Case No. 1:12-cv-00560-BLW

Page Range: 6:21-6:21

21 Q. Good morning, Dr. Roach. Will you

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24 Q. Can you just give me a brief overview
25 of your background, starting with, you know --
18:01 let's start with your educational history?
02 A. I went to medical school at St. Louis
03 University, 1983 to '87. Did my family practice
04 residency from 1987 to 1990 at St. Joseph's
05 Hospital in Phoenix and then have been in private
06 practice since. Joined Saint Alphonsus Medical
07 Group in 1999, and I have held the various
08 administrative roles with them, most recently,
09 Executive Medical Director of Primary Care.

Page Range: 126:04-128:02

04 Q. Were you involved in -- in any
05 discussions as to why to treat the specialists'
06 contracts differently than the primary care
07 contracts?
08 A. Yes.
09 Q. And what was the reason that you --
10 that was given?
11 A. Well, I think it has to do with --
12 probably mainly to do with the investment in
13 certain specialists and the effect on your
14 market if they leave. So some retain their
15 noncompetes.
16 Q. And can ou just explain for me what
17 you mean by the "investment" in those specialists
18 and what the effect is on the market if those
19 specialists leave?
20 A. Well, in general, specialists cost more
21 to recruit and pay. We compensate them far more
22 than primary care. So you have a bigger up-front
23 investment.
24 Q. And what about the -- your reference to
25 what it does to your market if they leave?
127:01 A. Well, I mean, any medical group or
02 hospital has the potential if they have a
03 specialist leave to lose that -- that volume, that
04 revenue. It is not unique to Saint Al's.
05 Q. Right. And that -- but that's the same
06 if a primary care physician leaves. You would
07 lose that volume too, correct?
08 A. Correct -- perhaps, or you might absorb
09 it, depending on the situation.

10 Q. And what is -- why was the specialists'
11 volume, at least with respect to the noncompetes,
12 treated differently than the primary care volume?
13 A. Well, again, it depends on the
14 specialist, whether or not you have additional
15 specialists who can absorb that business or not.
16 In general, primary care volume is more
17 easily maintained. I don't know if it is more
18 easily maintained, but you generally have more
19 primary care that can absorb those patients. It's
20 not always the case with specialists.
21 Q. So if you have a specialist that is
22 doing something that others are not, it is harder
23 to absorb that volume; is that correct?
24 A. Well, if you have a specialist who has
25 a very unique skill or -- then it's much more
128:01 difficult to replace.
02 Q. Okay.

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11 Q. BY MR. SCHAFER: Okay. Dr. Roach,
12 you've been handed Defendants' Exhibit 73, which
13 is Bates-labeled ALPH00696750. And this is a
14 letter, an unsigned letter from you to Black
15 Canyon Family Medicine, dated December 20th, 2011.

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20 Q. And did you ever send this letter, to
21 your recollection?
22 A. Yes.

Page Range: 138:02-139:19

02 And I want to focus on the second
03 paragraph in the letter where you write, or you
04 and Mr. Reinhardt co-write, "As health care reform
05 initiatives, quality outcome measures, information
06 technology use, and performance-based
07 reimbursement continue to evolve, it seems every
08 stakeholder in the health care arena is being
09 called to evolve and undergo transformation.
10 Just stopping with that sentence, did
11 you believe that sentence was accurate at the time
12 you wrote it?
13 A. Yes.
14 Q. And do you believe that sentence is
15 accurate today?
16 A. Yes.
17 Q. And why is that?
18 A. Well, there -- there's a change in
19 communication, changing reimbursement in medicine.
20 Q. And how does that call for
21 transformation?
22 A. Increased emphasis on quality and
23 value.
24 Q. Your next sentence here says, "I
25 believe our partnership and the opportunity to
139:01 deeply integrate Black Canyon Family Medicine into
02 Saint Alphonsus through acquisition and employment

03 will strengthen all aspects of building and
04 evolving our health care system."
05 Did you believe that sentence was
06 accurate when you wrote it?
07 A. Yes.
08 Q. Do you believe it is accurate today?
09 A. Yes.
10 Q. And what did you mean by "deeply
11 integrated."
12 A. Well, get them involved in our
13 communication network, get them hooked into our
14 quality initiatives, quality tracking, quality
15 measurement.
16 Q. And the way you planned to do that on
17 here was to - through acquisition and employment,
18 correct?
19 A. Correct.

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20 Q. And you thought that deeply integrating
21 them through acquisition and employment would
22 "strengthen all aspects of building and evolving
23 our care delivery system." How did you think that
24 that -- that goal would result from their
25 acquisition and employment?

Page Range: 140:04-140:10

4 THE WITNESS: Okay. Well, the way I read
5 that second line is that deeply integrate in this
6 context with this group does refer to acquisition
7 and employment, because that was the nature of the
8 discussion with this group. But it is not a
9 necessity to deeply integrate to be acquired and
10 employed.

Page Range: 140:11-140:18

11 Q. BY MR. SCHAFER: Do you believe that
12 Saint Al's is deeply integrated with any
13 non-employed physicians?
14 A. I couldn't answer that. Because,
15 again, I don't know all of the relationships we
16 have with specialists, and, you know, their ties
17 with Bob Polk and the hospital on quality
18 initiatives, et cetera. I can't address that.

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14 Q. BY MR. SCHAFER: I would like an answer
15 to my question, which is can you identify as you
16 sit here any physician or physician practices that
17 are deeply integrated with Saint Alphonsus outside
18 of an employment context?
19 A. No.

Page Range: 181:10-182:10

10 Q. Okay. And you referenced that - I
11 think you said recently some of the
12 language has changed to encourage keeping
13 referrals in the system, correct?
14 A. Yes.
15 Q. Outside of that contract language, is
16 that sort of a general goal of Saint Al's, to keep
17 referrals within the system?
18 A. I would say yes.
19 Q. And why is that?
20 A. Well, I think that any health system
21 has that as a goal to keep referrals within the
22 network. We provide, you know, good quality care
23 in a lot of areas. We feel like we provide as
24 good or better care than can be gotten outside
25 the system, so we feel like that's the best
182:01 service.
2 Q. And in your opinion, are there any
3 benefits as far as continuity of care of keeping a
4 patient within the same system?
5 A. Yes. I believe there are benefits.
6 Q. And what do you think those benefits
7 are?
8 A. Well, you have immediate access to
9 labs, specialty reports, X-ray reports,
10 connectivity.

Page Range: 201:21-202:07

21 Q. Have you ever heard of or referred to
22 a goal of "tightening up referrals within
23 network"?
24 A. Yes.
25 Q. Okay. And what does that mean, to
202:01 "tighten up referrals in network"?
2 A. Reduce the number of referrals that go
3 out of network.
4 Q. And I think we -- I probably asked you
5 some version of this question for -- yeah, I'm
6 pretty sure I asked you earlier -- is that a goal
7 of Saint Al's, to tighten up in network referrals?

Page Range: 202:09-202:25

9 THE WITNESS: Much of this anticipates what
10 payers will expect and require down the road.
11 They will expect you to know this, and they will
12 expect you to keep patients within your network,
13 if you have an exclusive contract with them, to
14 reduce their costs. So a lot of this is done in
15 anticipation of that, which is occurring
16 currently.
17 So, you know, yes, it is a strategy,
18 and it may be something that health care systems
19 are required to have in place and required to
20 provide.
21 Q. BY MR. SCHAFER: And is that something
22 that, at least from your purview, you've seen as
23 being something that payers have started

24 requesting or demanding?
25 A. Yes.

Page Range: 203:01-203:04

1 Q. Which payers?
2 A. Micron
3 Q. Anyone else?
4 A. Not that I'm aware of.

Page Range: 222:06-222:14

6 Q. You've been -- so putting aside the EHR
7 question, have you been involved in discussions
8 with respect to Saint Al's trying to grow market
9 share?
10 A. Yes.
11 Q. And what is Saint Al's goal in that
12 respect?
13 A. Beyond growing market share, I don't
14 know.

Page Range: 250:20-251:03

20 So when Saint Al's has tried to tighten
21 up referrals, what -- what has it done to try to
22 reduce the number of referrals that go out of
23 network?
24 A. Educate providers and encourage them to
25 use network providers.
251:01 Q. Okay. Any effort to force them to use
2 network providers?
3 A. No.

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17 And my question is is it necessarily
18 easy to replace a primary care physician, or not?

Page Range: 254:20-254:21

20 THE WITNESS: No, it is not necessarily easy
21 to recruit primary care.